

PUBLIC DISCLOSURE

NOVEMBER 28, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

LOWELL FIREFIGHTERS CREDIT UNION

**642 CHELMSFORD STREET
LOWELL, MA 01851**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **LOWELL FIREFIGHTERS CREDIT UNION (or the "Credit Union")** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **NOVEMBER 28, 2005**. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Lowell Firefighters Credit Union is an industrial credit union; therefore, it defines its assessment area as its members. The overall rating is derived from the three relevant performance criteria of the small institution examination procedures for industrial credit unions: Loan-to-Share Ratio, Lending to Borrowers of Different Incomes and Fair Lending.

The Credit Union's average net loan-to-share ratio for the period of September 30, 2003 to June 30, 2005 was 52.8 percent and met the standards for satisfactory performance. The Credit Union's distribution of credit among different income levels is reasonable and considered to meet the standards for satisfactory performance. In addition, the Credit Union's fair lending performance was found to be satisfactory at the time of the examination and no CRA complaints were received since the previous examination.

PERFORMANCE CONTEXT

Description of Institution

Lowell Firefighters Credit Union is an industrial credit union chartered by the Commonwealth of Massachusetts in 1936. As of November 30, 2005, the Credit Union had 1,904 members. As of June 30, 2005, the Credit Union had assets of approximately \$11.9 million with loans comprising 44.6 percent of all assets, or a total of approximately \$5.3 million. The Credit Union's loan portfolio is mainly comprised of new and used vehicle loans, other real estate loans, and unsecured loans.

The following chart illustrates the composition of the loan portfolio.

Loan Distribution as of June 30, 2005		
Loan Type	Dollar Amount \$	Percent (%)
Unsecured Loans	976,439	18.4
New Vehicle Loans	1,815,517	34.2
Used Vehicle Loans	983,682	18.5
Total Other Real Estate Loans	1,177,534	22.1
All Other Loans	362,862	6.8
Less: Allowance for Loan & Lease Losses	(23,054)	0.0
TOTAL	5,292,980	100.0

Source: Report of Condition

Services and hours of operation are Monday through Friday from 9:00 AM to 3:00 PM.

Lowell Firefighters Credit Union operates one banking office located at 642 Chelmsford Street in Lowell, Massachusetts. The Credit Union has no automated teller machines ("ATMs"), but is linked to the NYCE network and is also a member of the SUM network, which is a surcharge-free alliance of several financial institutions that include over 1,000 ATMs throughout Massachusetts. The Credit Union's customers can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM logo.

The Credit Union offers one personal share draft account, three share accounts and certificate of deposit options.

The Credit Union offers free telephone and online banking, to all its checking, savings, investment and loan account members. The Credit Union's online banking provides 24 hour/7 day account information and access. The service allows members to check current balances, to transfer funds, purchase checks and to make loan payments.

Lowell Firefighters Credit Union was last examined for compliance with CRA by the Division on April 3, 2000. The Credit Union's CRA performance was rated Satisfactory at that time.

PERFORMANCE CONTEXT (CONTINUED)

Description of Assessment Area

Lowell Firefighters Credit Union defines its assessment area as its membership, in accordance with the Massachusetts CRA regulation, 209 CMR 46.41(8), which states: "Notwithstanding the requirements of this section, a credit union whose membership by-law provisions are not based on residence may delineate its membership as its assessment area." The Credit Union has elected to identify its assessment area in this manner.

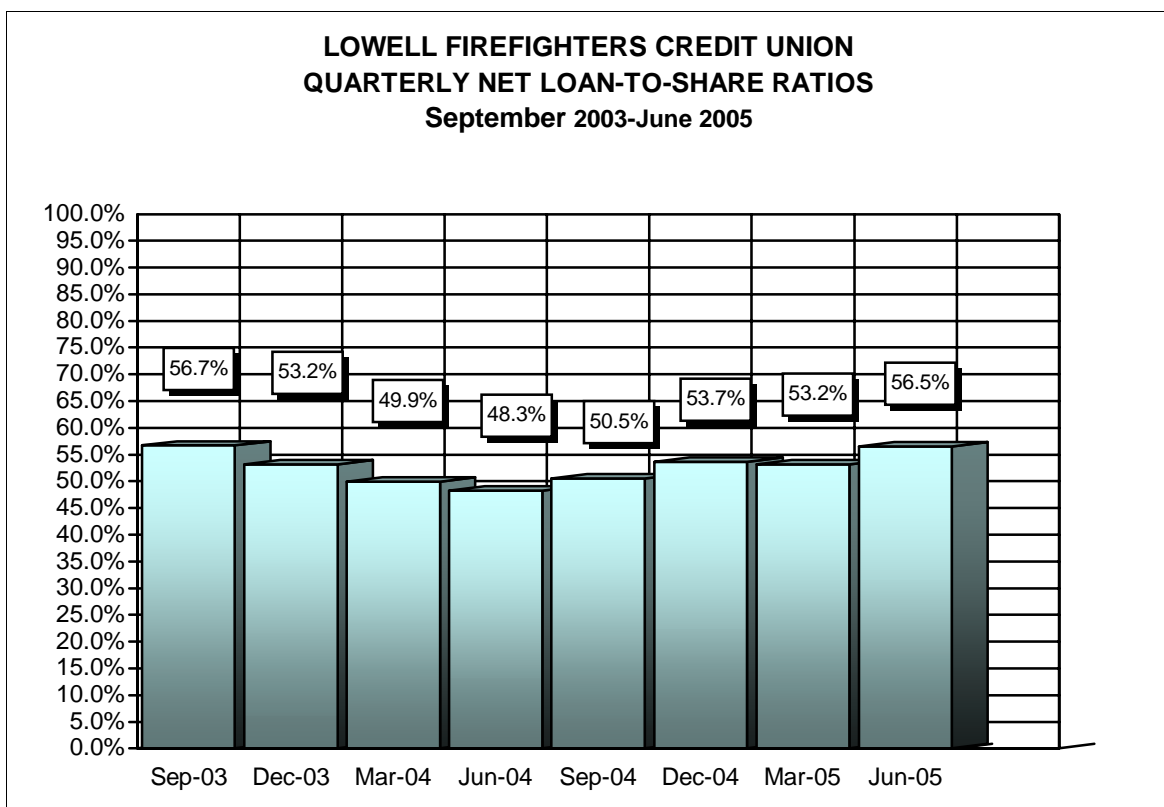
The Credit Union's membership (as incorporated in its by-laws) is open to all employees of the Fire Department of the City of Lowell and the Fire Departments of Chelmsford, Westford and Dracut, which are contiguous towns, as well as former employees of these entities, as well as the immediate families of these qualified members. Persons not eligible for membership may have joint accounts with members of the Credit Union for purposes of deposits and withdrawals only. Additional members include, with the approval of the Credit Union's Board of Directors, the Lowell Fireman's Fund and the Lowell Firefighters Union.

PERFORMANCE CRITERIA

1. LOAN TO SHARE ANALYSIS

Based upon the Credit Union's asset size, its capacity to lend, and the credit needs of its members, the Credit Union's net loan-to-share ratio indicates that the Credit Union meets the standards of satisfactory performance.

An analysis of Lowell Firefighters Credit Union's net loan-to-share ("LTS") ratios was performed using National Credit Union Administration ("NCUA") quarterly call reports from September 30, 2003, through June 30, 2005. This analysis was conducted to determine the extent of the Credit Union's lending compared to deposits received from its members. The ratios during this time period ranged from a high of 56.7 percent in September 2003 to a low of 48.3 percent in June 2004. The average net LTS ratio for the period was 52.8 percent. The following graph illustrates the net LTS detail for the period reviewed.



2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA

Under the CRA regulation, 209 CMR, section 46.41(8), a credit union's membership that is not based on residence, such as Lowell Firefighters Credit Union, may define its assessment area as its membership, as opposed to a geographic area. A membership defined assessment area does not consider any fixed limits on geography, therefore an evaluation of credit extended inside and outside of a geographic assessment area was not conducted.

PERFORMANCE CRITERIA (CONTINUED)

3. LENDING TO BORROWERS OF DIFFERENT INCOMES

The distribution of residential loans to borrowers of different incomes reflects reasonable penetration among all income levels. Based upon this analysis, the Credit Union's efforts meet the standards for satisfactory performance.

The Credit Union originated 347 loans in 2003 totaling \$3,864,458; 361 loans during 2004 totaling \$3,862,904; and 309 loans in year-to-date November 30, 2005 totaling \$3,685,358. Originations include unsecured and secured personal loans, new and used automobile loans, home equity loans, and share and CD secured loans. A sample of 47 consumer loans from 2003, 2004 and 2005 was taken in order to determine the distribution of credit based on the income level of the member borrower. All of the consumer loans sampled were evaluated by using the income figures for the Boston Metropolitan Statistical Area ("MSA") for 2003 and the Cambridge-Newton-Framingham, MA MD for 2004 and 2005 as the designation changed. The originations were categorized by the ratio of the applicant's reported income to the estimated 2003, 2004 and 2005 median family incomes. The income figures are based on estimated Department of Housing and Urban Development ("HUD") median family income information which was \$79,700 for 2003, \$88,600 for 2004 and \$89,350 for 2005.

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate income is defined as income between 50 and 79 percent of the median family income level for the MSA. Middle income is defined as income between 80 and 119 percent of the median income. Upper income is defined as income equal to or greater than 120 percent of the median income.

A sample of the consumer loans reviewed indicated that 19.1 percent of the loans were to low-income members and 59.6 percent were to moderate-income members. The following table provides further detail.

Consumer Lending to Borrowers of Different Income Levels

% OF MEDIAN MSA INCOME	2003		2004		2005		TOTAL	
	#	%	#	%	#	%	#	%
<50%	3	17.6	2	14.3	4	25.0	9	19.1
50% - 79%	10	58.8	9	64.3	9	56.3	28	59.6
80% - 119%	4	23.6	3	21.4	2	12.4	9	19.1
120% >	0	0.00	0	0.00	1	6.3	1	2.2
TOTAL	17	100.0	14	100.0	16	100.0	47	100.0

Source: In House Loan Files – 2003, 2004 and year-to-date 2005.

PERFORMANCE CRITERIA (CONTINUED)

It should be noted that the majority of the consumer loans were granted to single applicants rather than joint applicants. Therefore, the percentage of originations to low and moderate-income members would be higher than that of residential mortgage originations, where the income is usually the result of joint combined incomes. Of the sampled consumer loans reviewed, 12 were joint applications.

Based upon the analysis of consumer loans by borrower income, it appears that the Credit Union's lending is adequately distributed to members of various income levels, including those of low and moderate-income. Performance in this category is therefore considered to meet the standards for satisfactory performance.

4, GEOGRAPHIC DISTRIBUTION OF LOANS

Since Lowell Firefighters Credit Union has defined its assessment area as its membership, as opposed to the geographic area, an evaluation of credit extended within defined geographic areas was not conducted; as such an analysis would not be meaningful.

5. REVIEW OF COMPLAINTS/ FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

The Credit Union's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment Act and Fair Lending guidelines. A thorough review of the public comment file revealed that the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination. A sample of the Credit Union's approved and denied consumer loan application files were reviewed for fair lending. No discriminatory practices were noted.

The Credit Union's staff is comprised of 2 full-time and 3 part-time employees. A member of the Lowell Fire Department is available if there is a Spanish speaking member who needs assistance.

The Credit Union's marketing efforts appear to adequately reach members of all income levels. The institution evaluates both the products it offers and its product mix to help determine whether those products are responsive to the needs of its members.

The Credit Union's credit committee reviews all loans. The credit committee is comprised of three members, all being directors and one is the Chairman.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 642 Chelmsford Street, Lowell, MA 01851."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.